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This is UNEVALUATED
Information

Concerning the Eastward Displacement of Soviet Industry.

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Before the Sixth Five-Year Plan.

The question of shifting the center of gravity of the Soviet economy toward the East has been under discussion for several years. No conclusive evidence in one direction or the other, however, has ~~was~~ been available until recently.

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Already in the ~~19th~~ 19th century, geographers and economists were calling attention to the enormous wealth in the form of raw materials and water power - at that time still largely unexplored - which should be available beyond the Urals. Very early, a bright ~~and~~ economic future was predicted for Siberia and bordering southern areas.

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A first systematic attempt, on the part of the Soviet Government, to avail itself of the natural resources in the East was noticed in the thirties. Important iron and steel plants and machine factories were started in the Ural and Kuznetsk areas. Activity seems to have been reduced ~~somewhat~~ before the outbreak of the Second World War. With the entrance of the USSR in the war, however, another period of lively activity in this area followed. The direct reason for this was the territorial conquests of the German military forces. Factories in occupied and threatened areas, to a large extent had to be evacuated eastward; at the same time, it was necessary to establish new heavy industries as a result of the sharply increased need for war materials.

After the war, a certain relaxation set in. To be sure, the expansion of industry in the East continued at a rapid rate. Especial mention must be made of places like: Sverdlovsk, Tjeljabinsk, Molotov, Ufa, Nisjnitagil, Irkutsk, Novosibirsk, and Norilsk, which

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has been surrounded with so much secrecy. But, at the close of the Fifth Five-Year Plan, the greater part of the Soviet Union's heavy machinery was still supplied by factories in Leningrad, Moscow, the Ukraine, and the Volga area. Of the USSR total industrial production, only one third, approximately, came from the eastern area in 1954. They accounted for about half the total production of iron, steel, and rolled products.

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Even at the beginning of 1955, it was difficult to draw the conclusion that the expansion of industry in the eastern areas of the USSR signified a shifting of the collective USSR economy. To be sure, everything indicated that a very rapid development of the economic resources in the East was taking place, but as long as the degree of effectiveness and economic operation of the old factory units ~~manufacturing~~ in the West was unknown, there was no basis for making a fairly accurate estimate. On the contrary, available information was thought to indicate that the percentage production increase ^{was} of the European areas ~~was~~ just as large and ~~increased~~ ^{right after the war} during the reconstruction period ~~and~~ even larger than that of the eastern areas.

At the end of 1954 and in the course of 1955, renewed, vigorous activity in the eastern industrial area is thought to have taken place. Then, for the first time, we ~~have~~ learned of important power plant construction in Novosibirsk, in Irkutsk, in Buktarma on the Irtysh, and in Bratsk on the Angara. A very large ironworks was being constructed at Kazakh. New railroads were planned. At the meeting of the Central Committee in June 1955, Bulganin explained that power resources in the West were inadequate. The situation was especially precarious in regard to the coal supply. In the eastern regions of the USSR, on the other hand, there are large deposits.

In connection with the purely industrial activity, attention should be called to the ^{land cultivation} gigantic ~~industrial~~ projects which have been

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started, and to a great extent completed, during the Fifth Five-Year Plan. In the main, the land ^{cultivation} ~~projects~~ projects were located in the West Siberian region and in Kazakh. (see Ekon utr 10 December 1955). It can be estimated that a population migration of 2 million people, conservatively estimated, will be necessary before the ^{land cultivation} ~~project~~ project can finally be completed.

The Sixth Five-Year Plan

Even though it became evident during 1955 that the industrialization in the East had entered a new, active phase, a clear picture of the size and extent of the undertaking was not obtained until the appearance (in February 1956) of the Sixth Five-Year Plan and the statements made in connection with it.

At the 20th Party Congress, Bulganin pointed out that, as before, "it was necessary, as rapidly as possible, to develop the economic life of the eastern areas, where enormous resources of coal, bauxite, water power, forests, iron ore, non-ferrous and precious metals, and chemicals are concentrated".

Krushchev stressed the same theme, and gave more specific information by stating that "in the eastern areas are concentrated up to 75 percent of the total coal reserves of the Soviet Union, 80 percent of the water power, four fifths of the forest reserves, most of the resources of non-ferrous and precious metals", etc. He continued: "Experience has shown that the production of coal and electric power is, in the eastern areas, more effective from the economic point of view than in the European part of the Soviet Union. . . . Capital investments per ton of increased coal production during the Fifth Five-Year Plan were two and one half times smaller in eastern Siberia, and in the Kuznets' district, one and one half times smaller than in the Donets district".

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[redacted]

It is apparent that one of the main motives for establishing new industries in the eastern part of the Soviet Union is the desire to locate factories near the sources of energy. This is particularly stressed through the fact that the Plan gives orders to the effect that no plants requiring the consumption of great amounts of fuel and energy are in the future to be established in the European parts of the USSR and the Ural.

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A conception of the size of the increase of production in the new areas is gained through Bulganin's ^{statement:} ~~statement~~ "In 1960, these areas are to produce more coal and pig iron than the total 1950 production of the whole of the USSR, while the production of electric power and cement is to exceed the total USSR production in 1954". (The total USSR production of coal in 1950 was 264 million tons, of pig iron 19.5 million tons; the 1954 production of electric power was 147 billion kilowatt hours, of cement 18.5 million tons). The chairman of Gosplan, the central planning commission, further states that the increased capacity of the aluminum production, calling for close to a doubling of the present capacity (the 1955 plan, about 500,000 tons), will take place practically exclusively in Siberia.

The basis for the great industrial development is the resources of energy. Malenkov has stated that the economically developable water power resources of the Soviet Union -- of which 80 percent are found in Siberia -- amount to 1,200 billion kilowatt hours, or as much as ^{the total of} ~~as much as~~ those of the US, Canada, and Europe (~~excluding~~ ^{excluding} the USSR), [redacted] At Bratsk on the Angara River, a power plant is under construction, which will have a capacity of 3.2 million kilowatts [redacted] (the Grand Coulee, US, largest in the free world, has a capacity of 2 million kilowatts [redacted]), and an annual capacity of 22 billion kilowatt hours. A power plant of equal size is about to be built at Krasnoyarsk on the Yenisei. Concerning the location of new thermo-electric plants, no information has thus far been given, except for a new oil fired power plant at Krasnoyarsk.

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Of the three atomic power plants planned for the period, two are to be built in the Ural, each of 500,000 kilowatts.

The eastern areas are comparatively poor in oil resources. But the capacity of oil treatment plants (refineries, etc.) is to be increased to a level above that of the Baku area. All plants are to be connected to oil pipelines. The main supply of oil is to be carried in pipelines from the new rich oil fields of the so-called "Second Baku" in the Ural-Volga area.

A further conception of the enormous expansion which is in ~~progress~~ in the eastern areas is given by the enumeration in the Five-Year Plan of planned plants in Siberia and the Ural:

Several iron mines and ore concentration plants.

3 Iron and steel mills

3 aluminum works

5 machinery plants

6 plants for production of forge and pressing plant equipment

4 special foundries

2 machine tool plants

3 plants for production of grinding material

8 construction machinery and roadbuilding machinery plants

1 electric locomotive plant

1 plant for production of electric equipment for diesel locomotives

1 plant for production of large transformers

1 plant for production of high voltage equipment

In addition, a number of other machine building plants. The total of such new ~~plants to be built in the eastern areas~~ plants in Siberia will amount to 65.

In Kazakhstan are to be built, among other things:

1 aluminum plant

1 plant for production of rolling mill equipment

3 foundries

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1 agricultural machinery plant

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1 plant producing ferro-alloys

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The total number of new machine building plants will be 15.

The lists are not complete

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It is to be noted that the Five-Year Plan puts special stress on Kazakhstan as a coming producer of ores. Two new ministries for ore exploration and exploitation ~~abolished~~ and further ¹metalurgical treatment of discovered deposits were recently established there.

The planned rate of development is, on the whole, considerably higher in these areas than in the rest of the Soviet Union. Industrial production, for example, is to increase 120 percent in Kazakhstan by 1960, as against only 65 percent in the USSR as a whole. During the period, investment of capital is to be increased in western Siberia by 150 percent, in eastern Siberia by 180 percent, and in Kazakhstan by 170 percent, as against an average of 67 percent for the country as a whole. Concerning Kazakhstan, the plan gives a definite figure. There, capital investments will amount to 78 billion rubles, or 25 billion rubles more than in all previous Five-Year Plans. Technological education is also to be expanded. In the area, the annual ^{additions} ~~number~~ of university-educated personnel (engineers, agronomists, physicians, etc.) ^{etc.} to be increased from 49,000 in 1955 to 83,000 in 1960. This rate of increase is considerably greater than that for the rest of the country.

It is evident that these gigantic projects will require considerable new resources of human labor, even presupposing significant mechanization and automation. In the middle of April, Moscow Radio reported that it was estimated that 3 million persons would have to be moved to the new eastern industrial areas during the period. This would be facilitated to a certain extent by the fact that no new plants requiring great amounts of energy will in the coming years be located in the European parts of the USSR or

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in the Ural. In an 11 April speech to "the youth of the construction industry", Krushchev said that since it was no longer necessary to build new enterprises in such large cities as Moscow, Leningrad, Charkov, Kiev, Sverdlovsk, and Odessa, "many young people" can be relinquished by these cities for the building of the Sixth Five-Year Plan "in the new areas of the country".

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From the new Five-Year Plan and the statements made in connection with it, it is clearly apparent that a displacement eastward of the center of gravity of Soviet economic life is in full progress.

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